



COMMUNITY ADVOCATES
Where Meeting Basic Needs Inspires Hope

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RIEMER: WISCONSIN NEEDS BACK-UP HEALTH INSURANCE REFORM PLAN IN CASE NATIONAL REFORM FAILS

Committee Testimony Spotlights Fundamentals of Successful Health Insurance Reform

David R. Riemer, Director of Policy and Planning of the Community Advocates Public Policy Institute, delivered the following invited remarks today, March 18, during an informational hearing of the Wisconsin Assembly Committee on Health and Healthcare Reform at ThedaClark Medical Center in Neenah, Wis.

There is much discussion in Washington, D.C. these days about whether the “fundamentals” of the U.S. economy are “sound.” When it comes to our health care system, however, there is nearly universal agreement that—in the nation as a whole and in the state of Wisconsin—the system is not sound. In fact, the opposite is true. Our health care system is incomprehensible to most Wisconsinites, incomplete in its coverage, ineffective in its efforts to improve quality and totally incapable of holding down costs.

Today, roughly 500,000 people in Wisconsin do not have insurance, nearly 8 percent of the population. This number is certain to rise as the recession deepens.

Governor Jim Doyle, Secretary of Health Services Karen Timberlake, Medicaid Director Jason Helgeson and the Wisconsin Legislature deserve enormous credit for extending the reach of our BadgerCarePlus health insurance program and creatively combining funding to cover more low-income children and adults—including childless adults—than ever before. Because of this expansion, Wisconsin should experience a slower growth in its uninsured population than other states.

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Riemer Testimony / Add One

But let's not fool ourselves. The long-term trend in this state as in every state is a steady growth in the number of uninsured, which will inevitably bring with it the needless deaths of children and adults, illness and suffering that could be avoided or diminished, bankruptcies that should never happen, and financial hardship that a civilized society should spare its citizens.

The second fundamental flaw in our health care system is the never-ending spiral of health care costs. For decades health care costs have risen faster than the rate of inflation—often 2-3 times faster. This inflationary pressure drives up the numbers of uninsured and, unless checked, will make full economic recovery impossible, both nationally and in Wisconsin.

In nearby Appleton, according to a report by Citizen Action of Wisconsin, the average monthly price of a single health insurance premium has risen 171 percent since 2000. In Green Bay it's risen 262 percent since 2000.

Just as the uninsured's lack of health coverage sometimes kills them, this hyper-inflation in the cost of health care kills private-sector jobs and leads to depressed wages. As we struggle to climb out of the economic trough in which we find ourselves, excessive health care cost increases will torpedo our prospects for recovery and guarantee that once recovery arrives, it will shortchange us on jobs and wages.

It is good news that President Obama and members of Congress from both parties acknowledge the need to cover the uninsured and reign in health care inflation. Over the next few months we'll witness an exciting debate about national health insurance and several reform plans.

But the odds of a national solution this year or next are no greater than 50-50. The obstacles that face a national health insurance solution are many and complex:

- Although opinion is building that every American should be required to have adequate health insurance, we are still a long way from consensus on this point among the nation's policy makers.
- Policy makers likewise strongly disagree whether to offer a "public plan" option, such as the ability to enroll in Medicare or the federal employee health plan, and whether employers should be required to pay part of the cost of health insurance.
- Finally, we are the only democracy in the world in which one body of our national legislature, the U.S. Senate, requires a super-majority of 60 Senators to allow a simple majority of 50 Senators plus a Vice President to enact legislation.

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Riemer Testimony / Add Two

I sincerely hope Congress passes and President Obama signs a solid national health insurance plan. Despite many years working on a Wisconsin-only plan, I would be the first to congratulate our national leaders. But we'd be foolish to bet our state's health future—and our economic future—on what is at best a 50-50 proposition.

Wisconsin must craft its own health insurance reform plan to safeguard against the very real risk that Congress will fail.

In my view, successful health care reform in Wisconsin must:

- First, guarantee that everyone has health insurance with good benefits and a wide choice of plans and providers.
- Second, ensure the availability of preventive and chronic care without deductibles, co-pays and co-insurance. If we insist that patients pay for preventive care and chronic care—for routine children's checkups or medically necessary treatment for a chronic illness like diabetes, for example—some won't seek out the medical attention they need, and will end up with more costly care in hospital emergency rooms and inpatient facilities.
- Third, provide that mental health and addiction treatment is available to the same degree as other chronic illnesses, without artificial limits placed on effective treatment or higher-than-normal deductibles and other out-of-pocket costs.
- Finally, include an effective mechanism for controlling the growth of health care costs. I believe that getting the incentives right is the key to both improving quality *and* lowering costs.

As many of you know, to control costs I strongly favor the “cost-conscious consumer choice” mechanism used by the Department of Employee Trust Fund's state employee health plan. This mechanism gives enrollees a choice among competing health care plans, including both HMO plans and a fee-for-service alternative. Enrollees pay nothing or a very modest amount to sign up for high-quality and low-cost plans, but the entire extra cost (or close to it) if they decide to enroll in a higher-cost plan.

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Riemer Testimony / Add Three

I feel this “cost-conscious consumer choice” mechanism is the best means of properly aligning the incentives within our health care system, encouraging residents and patients to seek out high-quality and low-cost care, and driving HMOs, insurers and providers to constantly improve their quality and lower their costs. Perhaps we can make do with a system where “cost-conscious consumer choice” isn’t the only pathway for obtaining health insurance, but I feel strongly that unless it’s a major actor on the health care stage we’ll never have a chance of dramatically improving quality and, especially, lowering costs.

In closing I urge this Committee to fashion a “back-up” comprehensive health insurance law for Wisconsin. The back-up law should carry out the principles I’ve just outlined, and it should take effect on Jan. 1, 2011 *if* by that date no national health insurance plan is in effect or likely to take effect.

Just as hospitals have back-up generators to keep their life-saving equipment going and their lights on if the electricity grid shuts down, Wisconsin needs a good back-up health insurance plan in place to save lives in the Badger State and to pump energy into our state’s economy in case the health insurance reform lights go out in Washington.

Now is the time for Wisconsin’s leaders to lead—to lead by putting in place a workable health insurance reform plan that automatically kicks in if they can’t get the job done in D.C.

Thank you for this opportunity to testify. I’d be pleased to answer any questions you have.